

FOREIGN POLICY BULLETIN

An analysis of current international events



1918-1949

FOREIGN POLICY ASSOCIATION • INCORPORATED • 22 EAST 38TH STREET • NEW YORK 16, N. Y.

VOL. XXVIII No. 33

MAY 27, 1949

How Can West Maintain Its Gains In Germany?

CINCINNATI—Convening in Paris May 23, the Council of Foreign Ministers picks up the task it laid down in December 1947—the task of seeking agreement among the Big Four powers on the future of Germany. In appraising its prospects and searching for a viable American policy, we must notice that the Foreign Ministers do not find everything as it was seventeen months earlier. They cannot resume where they left off. They must start from where they are now, accepting the changes time has brought.

The economy of Western Germany has recovered markedly, thanks to currency reforms and to the economic betterment of Western Europe as a whole. Communist popular strength has dwindled in Western Europe, including the western zones of Germany. The democracies of Western Europe and North America have organized themselves, in political and military terms, for their own security. The three western zones of Germany have framed an acceptable democratic constitution, ready now for implementation. France has accepted the idea of a stronger, more unified Germany. The Western powers, in other words, have closed ranks.

Meantime the economic position of the Soviet satellite states as a whole has deteriorated, in part due to the blockade of Berlin and to Russia's inability to provide the capital goods urgently required. Russia's relationship to the satellites remains a coercive one that has not become a willing and mutually beneficial partnership.

All the foregoing factors tend to strengthen the bargaining position of the Western powers. But on the other hand,

it is clear that the Soviet Union still enjoys its enormous tactical advantage. It has the ground forces to work its will in continental Europe. And for at least another year, the democracies will not have ground forces and tactical aviation capable of

In view of the historic significance of the Big Four conference on Germany which opened in Paris on May 23, the Foreign Policy Association has invited four outstanding journalists and commentators who are active in the FPA in different parts of the country to express their opinions on these negotiations.

effective resistance at the Elbe or even the Rhine. The United States alone has sufficient military power to face the Soviet Union with confidence; and even its forces cannot dispute initially a Soviet advance across Europe. Furthermore, the current policy of the United States is to augment its long-range striking power in the air, at the sacrifice of amphibious forces and tactical aviation. This increases Russia's military superiority in Europe, because strategic air power is not a means of keeping the Red Army out of Europe or driving it back eastward. Given time, of course, the parallel American policy of building up Western Europe's means of self-defense with ground forces will remedy this grave defect of the Western position.

Since the danger of war is greatly reduced from 1946-47, Russia's military ad-

vantage does not weigh so heavily against the economic and political advantages enjoyed by the West. On balance, therefore, the bargaining position of the Western powers is substantially improved from December 1947.

We must suppose the basic goals of the two power combinations to be unchanged. The United States and its allies seek a democratic Europe, strong enough to protect itself, and a democratic Germany fully integrated into the European family. The Soviet Union seeks a Germany aligned with itself and open to Communist seizure, whether by the electoral process under duress, or by *putsch*, or a combination of techniques.

In the pursuit of their long-range policy, American spokesmen probably face a Soviet demand for prompt unification of all Germany under an independent government, along with early withdrawal of all occupation troops. These proposals will have a strong appeal for all Germans. They cannot be refused outright, or too long postponed. But the United States cannot in good conscience throw away the gains of the last year—especially the West German democratic state—unless it is assured that a unified Germany will in fact be governed by men chosen in free elections. It therefore must push forward the implementation of the Bonn constitution, offering to fuse the new state with Eastern Germany under guarantees that leave no hazard of coercion by Soviet-backed Communist elements of Eastern Germany. And necessarily this means Western occupation troops cannot be withdrawn for quite some time. They are the only con-

Contents of this BULLETIN may be reproduced with credit to the Foreign Policy Association

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ceivable sanction of a free election, even though actual supervision of any election be a task for civilian experts.

Similarly the United States cannot risk losing the economic gains of the last year and more in Western Europe as a whole. It therefore must exact assurances that a unified Germany will play a full and untrammelled part in the economic life of Europe.

Finally, the United States cannot allow the Soviet Union to sap the vigor of Western Europe's economy by draining off goods under the guise of reparations taken from current production. It therefore must stand firm against inordinate reparation demands, as it did prior to the breakdown of the four power dealings in 1947. How-

ever it can offer an alternative to large reparations by encouraging East-West trade, making Germany an economic bridge between the two worlds—as it is destined by geography to be.

Within the framework of some such basic principles, the Western powers may well take a flexible and co-operative attitude. A general settlement respecting Germany can come only by mutual concessions. Intransigence on the part of the West would be just as disastrous and just as culpable as on the part of the Soviet Union. And given the record of the cold war gains by the West, there may be more danger of intransigence in Washington than in Moscow. But if Western adherence to the basic principles outlined above

should lead anew to a four-power stalemate, the United States would have no choice but to resume the policy of the last seventeen months, treating Western Germany as a separate national entity and an integral part of an organized Western Europe. For it is wiser to take the known risks of a Germany partitioned for the indefinite future than the incalculable risks of a unified Germany whose people are not free to choose the democratic self-government they manifestly prefer to Communist rule.

WILLIAM H. HESSLER

(William H. Hessler, editorial writer and foreign news analyst of the *Cincinnati Enquirer* since 1930, has been identified throughout that period with the Cincinnati FPA, of which he is now president.)

ECE Looks To Expanded East-West Trade

The unwontedly friendly discussions of the United Nations Economic Commission for Europe (ECE) which has been meeting for two weeks in Geneva provided an opportunity to reassess the attitudes of East and West on the problems and prospects of intra-European trade.

Arguments Pro and Con

Spokesmen for the East, notably Amazasp A. Arutiunian of the U.S.S.R. and Tadeusz Lychowski of Poland, contended that Eastern Europe cannot increase its output without imports of equipment, urged expansion of Western European exports, and expressed the view that trade discrimination by the West, especially the United States, constitutes the greatest single obstacle to East-West trade. Western spokesmen, notably Christopher P. Mayhew of Britain and Paul R. Porter of the United States, answered that Western trade discrimination was a "myth," that it is the U.S.S.R. which resorts to economic pressure in the case of Yugoslavia, and that the chief stumbling-block to East-West trade is Russian exploitation of the resources of neighboring countries. Eastern delegates, including the delegate of Yugoslavia, did not engage in an argument on this subject, and instead returned to their main theme—that the development of production must precede the development of trade, and that Western discrimination against exports to Eastern countries prejudices both the economic development of the continent and the expansion of intra-European trade.

The statement that is reported to have aroused the most interest was that of

André Philip of France, a Socialist, who on May 19 urged the Eastern Europeans to face realities, and not continue to claim that their recovery surpasses that of Western Europe, and to repeat outdated criticisms of capitalism. "You have made progress under your system, we admit," said M. Philip, "but you also have made mistakes." He advised the U.S.S.R. delegate to read the analyses of postwar capitalism prepared by Professor Eugene S. Varga, the Soviet economist who until recently had been in disfavor because of his contention that capitalism is changing its form, with the state playing a growing role in society, and that the depression in the United States, which had been a cardinal postulate of Moscow, does not appear to be in the offing. The Eastern Europeans, without referring directly to expectations of an American depression, stressed growing unemployment in some of the countries of Europe, notably Italy, Western Germany and Belgium, attributing it to "capitalist monopolies."

What Are the Facts?

Stripped of accusations and counteraccusations, the controversy reduces itself to the advantages West and East can derive from trade with each other, and the methods by which this trade can be developed in the future. It is important to bear in mind that the renewal of East-West trade was one of the basic assumptions of the European Recovery Program. This trade has, in fact, revived with the recovery of production in both regions of Europe and the reconstruction of transportation facilities. Its revival, however, lags behind other indices of recovery.

What are the reasons for this lag? The Western nations have attributed it to the reluctance of the U.S.S.R. to permit its neighbors to expand their commercial ties with the West; and to Moscow's insistence on draining these countries' resources for the benefit of its own economy. Eastern European spokesmen vehemently deny that the U.S.S.R. imposes restrictions on either the direction or character of their foreign trade after its own requirements, usually specified in five-year bilateral trade pacts, have been satisfied. Actually, conditions differ from country to country. Bulgaria, Hungary and Rumania, former Axis satellites, are under obligation to deliver stated quantities of products to the U.S.S.R. as reparations; and some of their principal assets, notably shipping, have been taken over by the Russians as "German assets," the Russians then using such properties as their share of investments in "joint enterprises." Poland and Czechoslovakia have no reparations obligations, and their exports to Russia and other countries of Eastern Europe bear a closer resemblance to ordinary commerce.

If it were possible to assemble reliable statistics, it would be interesting to make a more accurate study of the character and quantity of Eastern European exports to the U.S.S.R. than is possible at present. The UN Economic Commission for Europe, in its survey for 1948, reports that expansion of trade between the U.S.S.R. and other Eastern European countries was the chief element in increasing the volume of Eastern European trade to a level almost double that of 1947 and about treble that of prewar years. The West maintains

that after the needs of the vast Russian market have been filled, there is little in any case to export westward. Poles and Czechs answer that this is not the case—the Czechs, for example, contending that only 37 per cent of their shoe exports and 18 per cent of their textile exports go to the U.S.S.R.—thereby, incidentally, helping to raise the Russian standard of living. Even assuming that the countries of Eastern Europe were willing to slow down or postpone their industrialization programs and concentrate on agricultural output, they still need new machinery for that purpose—a need that the U.S.S.R., itself absorbed in reconstruction, can fill only to a limited degree. For its part, the U.S.S.R. cannot obtain from its Eastern European neighbors the steel, machinery and tools it needs for rehabilitation and expansion of its own economy. Both the U.S.S.R. and its neighbors need to increase their imports from the West but continue to insist that these imports should be geared into their industrialization and agricultural modernization programs.

The Eastern countries are not alone in experiencing economic difficulties. The

countries of the West, notably Britain, Belgium and France, are beginning to face a serious problem as they attempt to increase their exports in a buyers' market period. The Marshall plan nations prefer to sell for dollars, so as to have the means of continuing their purchases in the United States after 1953, when the ERP is to end. But, as they seek to create self-supporting national economies capable of balancing international accounts, they compete increasingly for export markets—and have little hope of obtaining from each other much in the way of food and raw materials. They consequently eye Eastern Europe with growing interest both as a market and a source of grain, timber and ores. This trend will become even more pronounced when Western Germany recaptures its prewar position as producer and exporter of industrial goods.

Until now, however, prospects for expansion of East-West trade have been overshadowed by fear of war. Under the licensing policy of the United States the export of any item to Russia and Eastern Europe may be prohibited if it is regarded by the Administration as susceptible of in-

creasing the war potential of the East. Britain and some of the other Marshall plan countries have followed suit—although the British list, issued on March 31, is relatively short and describes in detail the prohibited items, most of which are said to be usable only for war purposes.

If fear of war should diminish, and a definite effort should be undertaken to expand East-West trade, what would be the most effective method? The French, in the ECE, have proposed bilateral negotiations conducted simultaneously between many pairs of countries, with the aim of providing for supplementary imports and exports above levels already established by existing bilateral accords. This technique has been used in tariff bargaining during the Geneva conference of 1947, and is now being applied at the Annecy tariff conference. At its closing meeting on May 21 the commission unanimously voted to establish a permanent committee for the development of East-West trade; a majority, however, rejected Swedish and Polish proposals to include a reference that would link increased trade with the development of production.

VERA MICHELES DEAN

Third Assembly Session Strengthens U. N.

The United Nations General Assembly adjourned its longest session to date on May 18, having made some progress on problems which it had been unable to take up at Paris last autumn. There, in the crisis-laden atmosphere of the Palais de Chaillot, representatives of the small powers had labored unsuccessfully to resolve the Berlin deadlock. Last week the UN could take credit for providing a place—the delegates' lounge at Lake Success—where the representatives of the United States and Russia made the initial contact on February 15 which led to the decision to lift the blockade. In his valedictory on May 18, Secretary-General Trygve Lie stressed this achievement and said that "the UN has generated persistent and powerful influences for peaceful settlement of the most dangerous dispute that has arisen since the end of the war."

Spain: No Compromise

Foremost on an agenda which included such diverse items as the veto power and a convention on news gathering, approved by all states save the Eastern bloc, were: 1) the attitude of the UN on Franco Spain; 2) the admission of Israel to UN

membership; and 3) the disposition of the Italian colonies in Africa.

The Spanish question had been placed before the Assembly by Poland. In many quarters it was felt that the 1946 resolution recommending withdrawal of ambassadors from Madrid had not only failed in its purpose of weakening the Franco regime, but had also put the nations which had complied with it at a direct disadvantage in their relations with Spain. The debate as to whether it was still appropriate, or had ever been appropriate, for the General Assembly to take such action was influenced by considerations of Spain's possible assistance to the North Atlantic pact powers in the event of a showdown with Russia.

The Polish resolution would have directed member-states to cease exporting arms and "all warlike and strategic materials" to Spain, as well as to refrain from entering into any treaties or agreements with that country. In contrast, four South American countries, led by Brazil, proposed that UN members should have full freedom of action as regards their diplomatic relations with Spain. On May 16, after acrimonious debate, the Brazilian

resolution failed by four votes to obtain the required two-thirds majority, the final ballot being 26 for and 15 against, with 16 abstentions, among them, the United States, Britain and France.

Before the Assembly met, inspired press statements had indicated that, although the United States would not take the lead in advocating resumption of normal diplomatic relations, it would support such action. Within the American delegation, however, there was considerable dissent from this position. The point of view of the dissenters, reported to include Mrs. Eleanor Roosevelt, John Foster Dulles, and Benjamin V. Cohen, prevailed over the position of some State Department officials, and the United States determined to abstain. This, in turn, provoked sharp criticism on the floor of the United States Senate, emanating principally from representatives of the cotton states which might be interested in securing a revolving cotton loan for Spain, but also from disinterested Senators. The controversy brought from the State Department what is probably its most forthright statement on Spanish policy since 1946. At a press conference on May 11 Secretary of State Dean

Acheson discussed at some length the absence of such basic freedoms in Spain as habeas corpus, trial by jury, rights of association, and religious liberty, and explained that the question of ambassadors was "important only if it becomes a symbol of the fact that after all we don't care much about these rights." In such a case, he continued, "it becomes a bad symbol."

Israel: New Member

While prospects for action to bring Spain into closer relations with the UN were thus indefinitely postponed, the UN gained a new member when the General Assembly on May 11 voted to admit its own artefact, the state of Israel. The Security Council on March 4 had recommended this action, although Britain had abstained from voting at that time. But the determined opposition of the Arab delegations, combined with Latin American resistance, at one point appeared to place Israel's admission in jeopardy. Iraq and Pakistan challenged the validity of the Security Council's recommendation on the ground that Britain's abstention in reality constituted a veto. The predominantly Catholic Latin American states questioned Israel's position on the internationalization of Jerusalem, especially as regards access to the Holy Places, while the Scandinavian countries wanted satisfaction on what had been done to apprehend the assassins of the UN Mediator, Count Folke Bernadotte, and his French aide, Colonel André Serot.

Israel's reply to this critical cross-examination, on May 5, was on the whole regarded as reasonable and conciliatory. Mr. Aubrey S. Eban, the Israeli spokesman, stated that his government now favors an international regime for all Jerusalem to protect and control the Holy Places, but not to possess secular governing functions. He pledged that Israel would contribute to solving the problems of the Arab refugees and, acknowledging that his government felt a "deep sense of failure" over its inability to bring Bernadotte's murderers to justice, promised that the search would continue. The Israeli answer was satisfactory to the important Latin American bloc, which was at odds with Arab representatives on the dis-

position of the Italian colonies. On May 11, Israel's admission was approved by a vote of 37 to 12, with 9 abstentions.

Italian Colonies: No Decision

In the one instance where action by the General Assembly would have been mandatory rather than merely a recommendation—the disposition of the former Italian colonies—a resolution adopted by the Political Committee* was finally rejected in plenary session after midnight of May 17. The decisive step to bring about the defeat of the resolution was the vote on the clause which would have given Italy a trusteeship over Tripolitania by the end of 1951. This clause received 33 votes for, 17 against, while 8 members abstained—the Arab, Asian and Soviet bloc members voting in opposition or abstaining. All the Latin American states supported the clause except Haiti. A switch of one vote would have given the necessary two-thirds majority for passage.

Subsequently, the clause providing for an Italian trusteeship over Somaliland was thrown out by a vote of 35 to 19 with 4 abstentions, or 3 short of the needed majority. The rejection of these two controversial provisions caused the Latin American bloc to vote as a body against the remainder of the resolution, resulting in a smashing defeat: 14 yeas to 37 nays. Since no positive action was adopted at this session, the present military administrations of all the areas in question will continue indefinitely.

OLIVE HOLMES

**Foreign Policy Bulletin*, May 20, 1949.

The Struggle for Democracy in Germany, edited by Gabriel A. Almond. Chapel Hill, University of North Carolina Press, 1949. \$4.00.

This symposium is particularly valuable in connection with the Big Four conference. It contains a series of illuminating background studies on historic factors and occupation policy as they relate to the problem of establishing democracy in Germany contributed by Eugene N. Anderson, Gabriel A. Almond, Hans Meyerhoff, Wolfgang H. Kraus, Fred H. Sanderson, Vera F. Eliasberg and Clara Menck.

The Germans on Trial, by Heinz Lunau. New York, Storm, 1948. \$2.50

A German-born lawyer and anti-Nazi emigré, now a naturalized American citizen, argues that nazism was a tragedy which could happen to any civilized nation, and that attention should now be focused upon eliminating the causes of that disease rather than punishing its victims.

News in the Making

Announcement on May 17 of the "preliminary official results" of elections held in the Russian zone of Germany, revealing that one-third of the voters had voted against the Communists, were interpreted by some Western observers as a move by the Russians to demonstrate that elections are free in their zone, and therefore constitute no obstacle to German unification. . . . Chinese Communist spokesmen are manifesting an interest in enlarging trade and financial relations with the non-Communist world. Li Li-San, vice-chairman of the All-China Federation of Labor which functions in the Communist area, has stressed the desirability of increasing Chinese industrial productivity through co-operation between workers and "national capitalists." He said: "Instead of wanting to divide up private enterprises, . . . workers should protect private factories and increase production as the only line which is correct and beneficial to them. The distribution of factory installations would end in ruin which would be detrimental to the economy of the workers." . . . A further decline in the strength of Italian Communists was indicated when workers belonging to Italy's Republican party voted by 92 per cent in a May 22 poll to withdraw from the Communist-led CGIL (Italian General Labor Confederation). It was not yet definite whether they would join the Christian Democratic-led workers in the LCGIL (Free Labor Confederation). Right-wing Socialists are also expected to leave the CGIL in the near future. . . . Meanwhile a strike of farm laborers led by both Communist and anti-Communist unions spread from the northern regions in the Po valley to Southern Italy, dramatizing the acuteness of Italy's agrarian problem. . . . The Rangoon government achieved a success in Burma's confused civil war when, on May 22, it captured Insein, Karen stronghold ten miles north of the capital. At the same time opposition elements in the ranks of the Communists and the rebel PVO (People's Volunteer Organization) were reported advocating a settlement with the government.

FOREIGN POLICY BULLETIN: Vol. XXVIII, No. 33, May 27, 1949. Published weekly from September through May inclusive and biweekly during June, July and August by the Foreign Policy Association, Incorporated. National Headquarters, 22 East 38th Street, New York 16, N. Y. BROOKS EMERY, President; HELEN M. DAGGETT, Secretary; VERA MICHELES DEAN, Editor; WILLIAM W. WADE, Associate Editor. Re-entered as second-class matter June 4, 1948, at the Post Office at New York, N. Y., under the Act of March 3, 1879. Four Dollars a Year. Please allow at least one month for change of address on membership publications.

F. P. A. Membership (which includes the Bulletin), Six Dollars a Year.

Produced under union conditions and composed and printed by union labor.